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Declassified Case: NW# 78134 Date:
08-25-2025

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Vladimir Putin of
Russia

PARTICIPANTS: United States
The President
Condoleezza Rice, Secretary of State
Susan Schwab, United States Trade
Representative
Jim Jeffrey, Assistant to the President and
Deputy National Security Advisor
Daniel Price, Deputy Assistant to the
President and Deputy National Security
Advisor for Economic Affairs
Dana Perino, Press Secretary
Nikolay Sorokin, Interpreter

Russian Federation
President Vladimir Putin
Sergey Lavrov, Foreign Minister
Sergey Prikhodko, Foreign Policy Advisor
German Gref, Economic and Trade Minister
Igor Nevorov, Note taker
Anton Uspenskiy, Interpreter

DATE, TIME: September 8, 2007, 3:50 - 4:50 p.m. EDT
AND PLACE: Sydney, Australia

President Putin: Iran does not need enrichment as they will
receive nuclear fuel as part of the Bushehr project. We do not
understand why the Iranians need 3,000 centrifuges in operation
by the end of the year. (S)

The President: This is exactly why the United States supports
the Russian Bushehr initiative. (S)

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(President Putin: Iran must suspend its enrichment activities, in return for negotiations. (S)

The President: What is your assessment of the situation in Georgia? What were the recent explosions all about? Have you been in contact with President Saakashvili? (S)

President Putin: There are lots of terrorists in Georgia. A few days ago, some terrorists connected to extremists in the Republic of Karachay-Cherkessia tried to infiltrate Russian territory from Georgia. We eliminated them at the border. (S)

The President: How is your relationship with President Saakashvili? (S)

President Putin: We talk. I invited him to Sochi but he refused my offer. (S)

(The President: I do not want Saakashvili to overreact. As for terrorism, you cannot negotiate with terrorists. We have been cooperating with President Musharraf of Pakistan to push terrorists into Afghanistan where we can deal with them more effectively. (S)

President Putin: I warned former President Clinton of the dangers of Afghanistan back in 1999. We are pleased with US-Russian intelligence sharing and appreciate the counterterrorism intelligence passed to us, even on attacks in Moscow. What's going on with the U.S. sub-prime financial market? (S)

The President: Well, our mortgage industry is going through a period of adjustment. Banks have had to deal with increasing foreclosures because of speculative lending. However, we are working to strengthen mortgage lending standards and bank disclosures. (S)

President Putin: Russia is fairly exposed to the sub-prime turbulence. Half of our 400 billion dollars in foreign exchange reserves is in U.S. paper, much of it linked to mortgages. (S)

The President: The fundamentals of our economy are still strong; economic growth is healthy, job growth is up, and wages are rising. (S)

(President Putin: We have tried to help you by not pulling funds out of the U.S. market. We don't want to rock the boat and are trying to contribute to your market stability. (S)

(The President: You are in an ironic situation. I remember my first meeting with you when one of your most serious problems was the overhang of Soviet-era debt. Now you are running a trade surplus. (S)

President Putin: The Russian economy is doing very well. We have achieved 7 percent annualized GDP growth, an exchange surplus, and we have almost 70 billion dollars of Foreign Direct Investment in this year alone. (S)

The President: What about reforms in the pension and healthcare systems? (S)

President Putin: We have established several programs to provide quality healthcare and have started a pilot program to raise the birth rate. We have also proposed a new investment project involving Sakhalin II. EXIM Bank supports our proposal but the State Department is raising objections. I don't understand why there are objections since our aim is to sell LNG gas to the United States, which would be a step advantageous to both parties. (S)

(The President: We will look into this. On Missile Defense, we will be sending a team to the Qabala Russian radar site in Azerbaijan later this month. Our people will be open minded on the visit. I think this is a strategic opportunity and we need to seize it. (S)

President Putin: I agree with you. If our own military people cannot agree, it is a missed opportunity. (S)

The President: How are preparations for the Duma and presidential elections? Do you have any predictions? (S)

(President Putin: Elections to the State Duma will be held in early December and the presidential election in mid-March. I think that United Russia will probably win 35-38 percent of the vote and about 4-5 parties will win entry into the Duma. I am also thinking about telling political parties to eliminate big business from their party lists. European democracy is in a crisis of parliamentary systems because of the influence of big business on party politics. Businessmen have to choose: either politics or business, you cannot do both. Although, I turn a blind eye to Chubays. As for the presidential race, there will be five serious candidates. (S)

(The President: I suppose you also want to talk about WTO. Ambassador Schwab has outlined the steps you need to take to get things done. Do you support your guy Gref? (S)

President Putin: Yes, I support him. (U)

The President: Good. Then you should know there are things you need to do to get the WTO accession completed. I hope you will support what we are trying to do with the APEC climate statement. (S)

President Putin: We will support you on climate change if you support us on WTO. By the way, I do not plan to attend the UNGA session this year. (S)

-- End of Conversation --